



# City of Newport Beach

OFFICE OF THE CITY MANAGER  
Dave Kiff, City Manager

September 2015

Dear Neighbor,

Greetings from City Hall. It's hard for me to believe that the summer is over. We've been busy working on a number of projects and programs this year and I want to share a few details on some of those with you.

## New Fiscal Year, New Budget

The City of Newport Beach (City) follows a fiscal year that runs from July 1 through June 30. The City's Fiscal Year 2015-2016 budget is balanced, does not utilize reserves (savings) for operations, and was developed with four main areas of service in mind:

- Providing the local government desired by our residents and businesses
- Providing safe neighborhoods
- Keeping Newport Beach looking great
- Maintaining a prosperous, fiscally sustainable, and economically viable community and City organization.

The General Fund is our main operating fund - the money we use to pay for the day-to-day services the City provides. It's the one I will focus on here. We're projecting \$191.7 million in General Fund revenues this fiscal year, \$178.2 million in operating expenditures, and another \$5.3 million in capital improvement expenditures. Revenues are up six percent and expenditures are up 1.3 percent from last fiscal year's amended budget. Here are some of the notable items within this year's budget.

- We will continue to attack the City's unfunded pension obligation with increased payments to CalPERS. About \$36 million will go toward pension costs this year alone. The City Council approved an accelerated payment plan that will save the City \$129 million over 30 years.
- Our employees are paying even more toward their pensions and will contribute more than \$8 million this fiscal year.
- California cities are feeling the effects of the state's early prisoner release programs. Crime is up across California and Newport Beach is no different. We've hired additional officers and have reestablished a dedicated bike patrol team for the Balboa Peninsula to help stem the problem.
- We're spending more on maintenance for harbor-related amenities like piers, floats, and docks and for more storm drain cleaning and beach cleaning.
- The cost of the water we purchase increased, but we expect to buy less of it due to the drought. We also expect to serve less water to our customers and that will result in less revenue.
- We continue to invest in local infrastructure. These are important, one-time capital expenditures. Quality infrastructure is good for private property values, quality of life, and local businesses.
- We continue to set aside money to fund future projects, anticipated maintenance, and emergencies.

- We continue to outsource services where it makes sense to do so – if it reduces the City’s costs while maintaining quality and customer service levels. While that has helped to gradually reduce the City staff size, there are still associated costs and we spend millions of dollars every year to pay for outsourced services.

The City Council has asked us to look harder at ways to be more efficient, allowing more flexibility to invest in sea walls, the pension obligation, and more.

City budget documents are available for your review at [www.newportbeachca.gov/budget](http://www.newportbeachca.gov/budget).

## Dealing with Drought – Please Conserve Water

We need your help. State officials have put mandatory water conservation measures in place and are threatening to levy heavy fines on communities that don’t measurably reduce their water use. The measures pertain to Newport Beach as a community, but also to all of its individual water customers.

Newport Beach as a whole must reduce its water use by 28 percent as compared to the community’s water use in 2013. If you are a City of Newport Beach water customer, you must reduce your water use by 25 percent (again, as compared to your water use in 2013). The City is taking action at its facilities to get the additional three percent reduction required to reach that critical, 28 percent mark.

As a community, our water consumption for June and July was down and we saw a cumulative reduction of 24.5 percent. Unfortunately, as the weather turned warmer in August, water use began to increase. Overall, we’re making progress, but we need to consistently reduce water use by 28 percent. Please help by limiting outdoor watering to your two assigned days per week through October and reducing your watering to one day a week in November.

I know this is challenging and the City is here to help you - through rebates, free programs and educational materials. We want to avoid having to enforce the new regulations through fines for egregious or repeat violations. Customers that do not meet the drought regulations will receive a “fix-it” ticket and have an opportunity to come into compliance with the regulations. If they still do not comply or blatantly waste water, they will receive a citation and have to pay a fine. Again, we prefer to see customers willingly comply with the state’s regulations.

There are many City water customers that routinely only use a modest amount of water each month or who had already been vigorously reducing their water use. Others have had a measurable change to their households – such as they have more people living in their home than they did in 2013. These City water customers can apply for “relief for compliance.” For a form, or conservation information and assistance, go to [www.newportbeachca.gov/water](http://www.newportbeachca.gov/water) or call 949-644-3388.

What’s the City doing to conserve? We’ve turned off the irrigation to all street medians that have turf grass and are working on replacing that grass with synthetic grass or low-water-using plant materials. We also will bring recycled water system further into the city and will use that source to water more medians and

parkways. We've turned the irrigation way down at our parks and facilities across the community. I should note that many of the City parks are either on weather-based irrigation controllers or are watered using recycled water. The only areas in City parks that are still being watered enough to stay green are the sports fields. For safety and liability reasons, we need to keep those surfaces healthy.

## Orange County Sanitation District Project Restarts in September

Many of you had to navigate through or around the major sewer line construction work that took place on Coast Highway from September 2014 into mid-June of this year. That was phase one of the project. Phase two begins this month and will continue through next spring. (The City did not want any construction on Coast Highway during the summertime.) This coming work should not be as impactful as the first phase of the project, but it is still a major project taking place on Coast Highway. The Orange County Sanitation District, the agency that owns the pipe, will again have a community liaison available to answer your questions and address your concerns. The liaison can be reached at 714-679-2088 or [constructionhotline@ocsd.com](mailto:constructionhotline@ocsd.com).

## El Niño and Rainfall

El Niño could bring heavy rains and flooding to Southern California this winter. Scientists say a number of factors influence the amount of precipitation that will actually fall, and some experts aren't certain that this winter will bring enough rain to help California out of the drought. We're taking a prudent stance and preparing now for any significant rainstorms El Niño brings us.

This would be a good time for you to prepare your property as well. We recommend checking your roof to make sure it's in good condition; clearing any debris from gutters, downspouts, and yard drains; trimming tree branches that hang over your home or business; securing items that could be blown about in heavy winds, and learning how to safely turn off your power, water, and gas should that be necessary.

Just prior to any major storm that surfaces, the City will once again offer up to 10 free sandbags per household (proof of Newport Beach residency required) on a first-come, first-served basis. For more details on what we're doing to prepare for El Niño and tips on how you can prepare, please visit [www.newportbeachca.gov/elnino](http://www.newportbeachca.gov/elnino).

## Civic Center

The City Council recently approved auditing the Civic Center project. The project was completed in the spring of 2013 and since that time, some citizens have expressed strong concerns about the size and cost of the project. We've tried our best to communicate the project's history, facts and costs, but those concerns linger and the Council feels the audit will help answer any remaining questions. It is actually not unusual for large construction projects to undergo third-party audits. Our project's construction manager told the Council just that and they are ready and willing to participate. To keep a good, ethical "wall", the Council will hire a consultant to conduct the audit. My staff and I are deliberately stepping back to make sure no one thinks we have any influence over the process.

## Southern California Edison (SCE) Power Outage Information

SCE has been working on upgrades to its Newport Beach equipment. There are occasionally periods of time when its crews are swapping the old for the new equipment that customers in the area are without power. SCE considers these planned outages and strives to notify its customers in advance. Occasionally, unplanned outages can occur, and customers lose power temporarily as a result of equipment that fails or is damaged. During these outages, SCE quickly dispatches emergency repair crews to correct the problem.

If your home or business experiences a power outage, SCE has established several ways for you to obtain information:

SCE 24-Hour Customer Communication Center

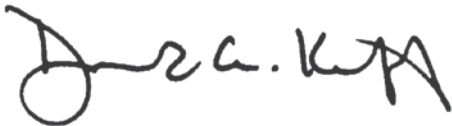
Phone: 800-611-1911 or 855-683-9067

Website: [www.sce.com/outage](http://www.sce.com/outage)

Email: [sceupoc@sce.com](mailto:sceupoc@sce.com)

Thanks for taking the time to read this newsletter. I always appreciate receiving your comments and opportunities to answer your questions. Please don't hesitate to contact me if I can provide more information on the topics covered in this issue or other City projects or programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Kiff". The signature is stylized with a large, circular initial "D" and a long, horizontal stroke extending to the right.

Dave Kiff

City Manager

[dkiff@newportbeachca.gov](mailto:dkiff@newportbeachca.gov) or 949-644-3001